

September 14, 2021

BY ELECTRONIC MAIL

Luly E. Massaro, Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

**RE: Docket 5165 – Distribution Adjustment Clause Filing
Responses to Division Data Requests – Set 4**

Dear Ms. Massaro:

I have enclosed National Grid's¹ responses to the Division of Public Utilities and Carriers' Fourth Set of Data Requests issued in the above-referenced docket.²

Thank you for your attention to this filing. If you have any questions, please contact me at 781-907-2121.

Very truly yours,



Raquel J. Webster

Enclosures

cc: Docket 5165 Service List
Leo Wold, Esq.
Al Mancini, Division
John Bell, Division

¹ The Narragansett Electric Company d/b/a National Grid (National Grid or the Company).

² Per practice during the COVID-19 emergency period, the Company is providing a PDF version this report. The Company will provide the Commission Clerk with five (5) hard copies and, if needed, additional hard copies of this report upon request.

Certificate of Service

I hereby certify that a copy of the cover letter and any materials accompanying this certificate was electronically transmitted to the individuals listed below.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.

Joanne M. Scanlon

September 14, 2021
Date

Docket No. 5165 – National Grid –2021 Annual Distribution Adjustment Charge Filing (DAC) - Service List as of 9/1/2021

Name/Address	E-mail	Phone
Raquel J. Webster, Esq. Jennifer Hutchinson, Esq. National Grid 40 Sylvan Road Waltham, MA 02451	raquel.webster@nationalgrid.com ;	781-907-2121
	Celia.obrien@nationalgrid.com ;	
	Joanne.scanlon@nationalgrid.com ;	
	Jennifer.Hutchinson@nationalgrid.com ;	
Steven Boyajian, Esq. Robinson & Cole LLP One Financial Plaza, 14th Floor Providence, RI 02903	SBoyajian@rc.com ;	401-709-3337
	lpimentel@rc.com ;	
Ryan Scheib Melissa Little Michael Pini Jeffrey Oliveira James Allen Theresa Burns National Grid	Ryan.Scheib@nationalgrid.com ;	
	Melissa.Little@nationalgrid.com ;	
	michael.pini@nationalgrid.com ;	
	Jeffrey.oliveira@nationalgrid.com ;	
	James.h.allen@nationalgrid.com ;	
	Theresa.Burns@nationalgrid.com ;	
Leo Wold, Esq. Division of Public Utilities & Carriers 89 Jefferson Boulevard Warwick, RI 02888	Leo.Wold@dpuc.ri.gov ;	401-780-2130
	John.bell@dpuc.ri.gov ;	
	Al.mancini@dpuc.ri.gov ;	
	Margaret.L.Hogan@dpuc.ri.gov ;	
	eullucci@riag.ri.gov ;	
	MFolcarelli@riag.ri.gov ;	
	Christy.hetherington@dpuc.ri.gov ;	
Jerome D. Mierzwa Lafayette Morgan Exeter Associates 10480 Little Patuxent Parkway, Suite	jmierzwa@exeterassociates.com ;	410-992-7500

300 Columbia, Maryland 21044	lmorgan@exeterassociates.com ;	
David Efron Berkshire Consulting 12 Pond Path North Hampton, NH 03862-2243	Djeffron@aol.com ;	603-964-6526
File an original & nine (9) copies w/: Luly E. Massaro, Commission Clerk Public Utilities Commission 89 Jefferson Blvd. Warwick, RI 02888	Luly.massaro@puc.ri.gov ;	401-780-2107
	Patricia.lucarelli@puc.ri.gov ;	
	Rudolph.S.Falcone@puc.ri.gov ;	
	Todd.bianco@puc.ri.gov ;	
	Alan.nault@puc.ri.gov ;	

The Narragansett Electric Company
d/b/a National Grid
RIPUC Docket No. 5165
2021 Distribution Adjustment Charge Filing
Responses to the Division's Fourth Set of Data Requests
Issued on September 3, 2021

Division 4-1

Request:

Reference Schedule MAL-1, page 5. Please identify the amount included in Rate Base for the unrecovered accumulated environmental expenses for each of the reporting periods presented and identify the category in which those costs are presented.

Response:

There are no amounts included in rate base for unrecovered accumulated environmental expenses.

Division 4-2

Request:

Reference the Environmental Report for the property at 642 Allens Avenue, Providence, Rhode Island. Please explain the increase in consulting costs, compared to the previous year.

- a. In your response, please explain whether the higher costs include costs associated with the Public Involvement Plan (PIP) support.
- b. Please provide details of the emergency utility repair for which environmental support was needed.

Response:

- a. The increase in consulting costs in FY21 was due to the preparation of engineering specifications for the installation of an engineered cap on a portion of the property. In addition, the environmental consultant prepared and submitted several site monitoring reports to the Rhode Island Department of Environmental Management. The costs associated with the Public Involvement Plan support were included in the FY21 costs.
- b. Environmental oversight was required to support the planned subsurface excavation work for two separate gas leak repairs at the property. However, upon further investigation by Gas Operations, the classification of both gas leaks was downgraded such that no repairs were required. Environmental costs incurred were limited to environmental consultant planning activities and mobilization to the site. The total cost for this work was \$481.22.

Division 4-3

Request:

Reference the Environmental Report for the property at Thames & Wellington, Newport, Rhode Island. Please provide details of the Property Purchases/Settlements/Legal of \$37,187. In your response, please explain why the property purchase was necessary and how it qualifies as an environmental cleanup cost.

Response:

The \$37,187 was not for a property purchase. This amount was for two different work streams. One work stream was for the review of periodic reports to the Rhode Island Department of Environmental Management (RIDEM) as required under RIDEM's regulatory program for listed environmental sites. The other work stream was for costs related to the review of unsubstantiated public comments against the Company that "Newport Gas" at Thames & Wellington may have "dumped coal ash" between 1920 and 1950 at Waites Wharf in Newport, Rhode Island, which is a nearby property to the Thames & Wellington, Newport, Rhode Island property. These unsubstantiated public comments arose during a proceeding for the redevelopment of Waites Wharf by its owners, which was before the Newport, Rhode Island Planning Board and RIDEM for certain approvals.

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Division 4-4

Request:

Reference Schedule MAL-1, page 5.

- a. Please provide a breakdown of the components of Prepaid Expenses for each of the reporting periods presented.
- b. Please explain the significant increase in the average Prepaid Expenses for the 12 months ended December 31, 2020, as compared to the 12 months ended December 31, 2019.

Response:

- a. Please see the following table, which shows a breakdown of the components of Prepaid Expenses for each of the reporting periods presented.

		December	March	June	September	December
		<u>2019</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>	<u>2020</u>
C1650000	Prepays	\$0	\$552,112	\$322,941	\$429,227	\$1,222,438
C1650160	Prepaid Expense-Energy Effic Invoices	<u>\$4,736</u>	<u>\$141,121</u>	<u>\$98,064</u>	<u>\$51,900</u>	<u>\$2,008</u>
	Prepayments	\$4,736	\$693,233	\$421,005	\$481,128	\$1,224,446

- b. The significant increase in the average Prepaid Expenses for the 12 months ended December 31, 2020, as compared to the 12 months ended December 31, 2019, is driven by the timing of the Rhode Island Division of Public Utilities and Carriers' ("Division") regulatory assessment invoices. The Company paid one assessment invoice in calendar year ("CY") 2019(in January 2019) pertaining to the RI fiscal year ended June 30, 2019 versus two assessment invoices paid in CY 2020, in January 2020 and December 2020 pertaining to the RI fiscal years ending June 30, 2020 and 2021, respectively. This assessment increased the CY 2020 average prepaid balance compared to the prior year.

Division 4-5

Request:

Reference Schedule MAL-1, page 5.

- a. Please provide a breakdown of the components of Deferred Debits for each of the reporting periods presented.
- b. Please explain how the Deferred Debits are being written off and identify the account(s) that are charged for the write-off.

Response:

- a. Deferred Debits refers specifically to the amount of book value remaining on the Company's Smallworld Geographic Information System ("GIS"). The GIS system was deemed to be impaired in March 2017 under US generally accepted accounting principles as the system is scheduled to be replaced before the end of its useful life. The Company's books reflected the write-off of the remaining book value on GIS assets during its last test year (the 12 months ended June 30, 2017). The Deferred Debit approved in Docket 4770 reestablishes the book cost of the GIS system net of accumulated amortization in rate base over the recovery period first approved in Docket 3401.
- b. The Company is amortizing Smallworld GIS at the rate of \$426,180 annually for the remainder of its original 25-year life. The amortization entries debit Federal Energy Regulatory Commission's ("FERC") Uniform System of Accounts ("USofA") account 407.3, Regulatory Debits and credit FERC USofA account 182.3, Other Regulatory Assets. FERC USofA account 407.3 is included in Depreciation and Amortization on Schedule MAL-1, Page 2, Line 22.

Division 4-6

Request:

Reference Schedule MAL-1, page 5.

- a. Please explain the reason for the increase in the Unamortized Debt Expense and Interest Rate Lock for each of the periods presented.
- b. Please identify the proceeding in which the Commission allowed the inclusion of the Unamortized Debt Expense and Interest Rate Lock in Rate Base.
- c. Please explain how the write-off of the Unamortized Debt Expense and Interest Rate Lock are charge to expenses or the cost of service.

Response:

- a. The Company reconciled the Unamortized Debt Expense and Interest Rate Lock shown in the Calendar Year 2020 Earnings Reports to the amounts presented on Page 259 of its Annual Report for the Year Ended December 31, 2020. The approximately \$139,000 increase from December 2019 to March 2020 was driven by bond issuance fees that the Company had previously understated in its earnings report rate base. The approximately \$796,000 increase from March 2020 to June 2020 coincides with the gas business's portion of the debt discount and expense associated with \$600 million of new debt issued in April 2020. September and December 2020 reflect decreases of approximately \$57,000 in each period in accordance with amortization of the new debt discount and expense balance.
- b. The Commission allowed the inclusion of the Unamortized Debt Expense and Interest Rate Lock in Rate Base in the Company's 2012 Amended Settlement Agreement to determine base distribution rates in Docket No. 4323. On Bates page 19 of the Company's Compliance Filing Book 1 of 4 filed on January 24, 2013, the Final Amended Settlement Agreement states "[t]he Narragansett Gas rate base shall also reflect the reserve for uninsured claims and the unamortized cost of the long-term debt issuance expense."
- c. The amortization of the Debt Expense is charged to the Federal Energy Regulatory Commission's ("FERC") Uniform System of Accounts ("USofA") account 428, Amortization of Debt Discount and Expense. The amortization of the Interest Rate Lock is charged to FERC USofA account 427, Interest on Long-Term Debt. Both write-offs are reflected on Schedule MAL-1, Page 10: account 428 in column (e), and account 427 in column (d). The information on Page 10 is used to calculate the cost of long-term debt

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during calendar year 2020. The debt rate attributable to Narragansett Gas on Line 15 is then carried forward to Page 4, Line 15 and used to calculate the Proforma Long-Term Debt Interest on Line 17, which is then carried forward to the Income Statement on Page2, Line 33. In the Company's cost of service approved in Docket 4770, the annual amortization of debt issuance and interest rate lock expense was reflected as a component of the Company's total annual cost of debt included in the approved weighted average cost of capital.